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December 8, 2011

Via E-Mail and Hand Delivery

The Honorable Karen Weldin Stewart
Commissioner
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, DE 19904

Re: Proposed Affiliation of BCBSD, Inc. with Highmark Inc., Docket No. 1509-10

Dear Commissioner Stewart:

This firm represents BCBSD, Inc. in the above referenced regulatory proceeding. Please be advised that with the exception of one technical correction addressed below, BCBSD will not be submitting any exceptions, comments, or arguments regarding the Recommended Findings of Fact, Conclusions of Law and Decision (the "Recommendations"), provided on November 18, 2011 by the Hearing Officer appointed in this matter. If, however, other parties in this matter submit exceptions, comments, or arguments to the Commissioner, BCBSD Inc. reserves its rights to provide a written response to such submissions within three business days.

On page 6 of her Recommendations, the Hearing Officer states: "[u]nder BCBSA guidelines, Highmark will be BCBSA's sole licensee in Delaware." This statement is not entirely accurate. BCBSD currently holds two BCBSA licenses: Primary Blue Cross® and Primary Blue Shield®. These include both the words and the symbols (often referred to as the "Marks"), and they give BCBSD the exclusive rights to use them in the service mark territory that is the State of Delaware. BCBSA and BCBSD are the only parties to these license agreements.

After closing, BCBSD will still hold two BCBSA licenses: Controlled Affiliate Blue Cross® and Controlled Affiliate Blue Shield®. There will be three parties to each of these license agreements: BCBSA, Highmark and BCBSD. BCBSD will have the non-exclusive rights to use them in the Delaware service mark territory. However, the only other authorized user in Delaware will be Highmark, by virtue of its new Primary Blue Cross® and Primary Blue

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Shield® licenses. Highmark and BCBSA will be the only parties to these license agreements. This will be the same license arrangement that BCBSD had with CareFirst.

Very truly yours,

A handwritten signature in black ink, appearing to be 'MT', followed by a long horizontal line extending to the right.

MICHAEL W. TEICHMAN

MWT:bfd

cc: James J. Black, III, Esquire
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